



## Semi-annual Management Report of Fund Performance

### As at March 31, 2024

This Semi-annual Management Report of Fund Performance contains financial highlights but does not contain either semi-annual or annual financial statements of the investment fund. You can obtain a copy of the semi-annual or annual financial statements at your request, and at no cost, by calling 1-888-809-3333, by writing us at Northwest & Ethical Investments L.P., 151 Yonge Street Suite 1200, Toronto, ON M5C 2W7 or by visiting our website at [www.neiinvestments.com](http://www.neiinvestments.com) or SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

Unitholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## Management Discussion of Performance

### Results of Operations

The Fund's returns are after the deduction of fees and expenses paid by the Fund. Performance differences between series of units are mainly attributable to management fees charged to each series.

The blended benchmark is composed of 60% Bloomberg Global Aggregate Index (C\$ Hedged) and 40% MSCI ACWI NR Index (C\$).

The Fund's net asset value increased by 536.75% during the period, from \$333,540 as at September 30, 2023 to \$2,123,830 as at March 31, 2024. This change in net assets is attributed to net unitholder activity of \$1,704,327 and \$85,963 to investment operations, including market appreciation (depreciation), income and expenses.

### Market Overview

The fourth quarter of 2023 delivered a welcome gift for investors. After the slight reality check at the beginning of October, the remainder of the year saw strong returns across most major asset classes. The central banks' indication that the tightening cycle has likely come to an end and the possibility of interest rate cuts in 2024 boosted almost all markets.

In the first quarter of 2024, resilient economic data continued to support the economic "soft landing" narrative and pushed equity markets around the world to new record highs. All global regions posted strong returns with Japan leading the pack. While equity investors welcomed strong economic data, the start to 2024 was a more challenging period for fixed income investors. Stickier inflation and resilience in economic activity have shifted market expectations of rate cuts and push yields higher, which has led to losses in fixed income markets.

For the six-month period ending March 31, 2024, markets across asset classes in key regions all registered extraordinary gains, with the FTSE Universe Bond Index advancing 6.9%, and the MSCI All Country World Index gaining 20.2%.

### Factors That Have Affected Performance

Over the period, some of the contributors to performance were NEI Canadian Impact Bond Fund (Series I), NEI Global Impact Bond Fund (Series I), NEI Environmental Leaders Fund (Series I), as well as the selection of equity exchange-traded funds. The main detractor over the period was NEI Clean Infrastructure Fund (Series I).

### Portfolio Changes

There were no notable changes to the Fund's holdings during the period.

### Environmental, Social, And Governance (ESG) Activities

In addition to any ESG-related commentary made in the sections above, other ESG-related activities undertaken in the period are described here. The activities are presented in connection with the underlying equity funds that NEI Impact Conservative Portfolio invests in. Relevant impact metrics will be reported in the Annual Management Report of Fund Performance.

For NEI Clean Infrastructure Fund, NEI's Responsible Investing team (RI team) supported management all voted proxy items at five annual general meetings. There were no shareholder resolutions on the ballots.

For NEI Environmental Leaders Fund, the RI team engaged 14 companies, including Ball Corp., Microsoft Corp., and Waste Management Inc., on topics such as circularity, equitable compensation, and net-zero alignment and transition plans. The RI team voted against management on 22% of the proxy items at nine annual general meetings. They supported 67% of 12 shareholder resolutions filed on ESG topics such as gender and racial pay gaps, lobbying payments, and weapons development. All votes cast on shareholder resolutions were consistent with NEI's *Proxy Voting Guidelines*, available at [www.neiinvestments.com](http://www.neiinvestments.com).

### Recent Developments

Central banks are eager to gain confidence that inflation has reached and will remain at the target range for long enough that they can begin cutting interest rates, as they are also concerned that higher rates for too long could start to cause too much damage to aggregate demand. While the timing of rate cuts may be pushed out until later in the year, we believe the current environment of moderate growth coupled with declining inflation creates a constructive environment for risk assets.

Although U.S. "exceptionalism" may continue given the superior level of earnings growth and market dominance in the development of artificial intelligence capabilities, the rich valuation in U.S. equities has likely sown the seeds for a more muted performance in the future relative to international equities given their much cheaper valuations. It is prudent to consider having appropriate geographic, in addition to sector and style diversification in a well-diversified portfolio.

In Canada, economic growth remains below potential, but better clarity on path of rate cuts may provide relief.

In fixed income, although bond markets have suffered, given the decreased likelihood of imminent rate cuts, we think that bonds still offer compelling yields at current levels, and can provide a buffer to equity volatility in the case of an economic downturn. Positive real yields make the income side of the equation for bonds more attractive, plus expectations for rate cuts later in 2024 may add capital appreciation potential in the years ahead.

## Related Party Transactions

Northwest & Ethical Investments L.P. ("NEI LP") is the Manager, Trustee, Portfolio Manager and Registrar of the Fund. Northwest & Ethical Investments Inc., the general partner of NEI LP, is a wholly-owned subsidiary of Aviso Wealth Inc. ("Aviso"). Aviso is also the sole limited partner of NEI LP. Aviso is a wholly-owned subsidiary of Aviso Wealth LP, which in turn is owned 50% by Desjardins Financial Holding Inc. and 50% by a limited partnership owned by the five Provincial Credit Union Centrals and The CUMIS Group Limited. Desjardins Financial Holding Inc. is a wholly-owned subsidiary of the Fédération des caisses Desjardins du Québec ("Fédération").

NEI LP charges the Fund a fixed administration fee in place of certain variable expenses. NEI LP in turn, pays all operating expenses of the Fund, other than specified Fund costs (e.g. the fees and expense of the Independent Review Committee ("IRC"), taxes, and brokerage commissions) which include payments to related parties. These services are in the normal course of operations and are measured at an exchange amount that is consistent with other independent parties. Desjardins Trust Inc. ("Desjardins Trust") is the custodian of the Fund. Desjardins Trust is a wholly-owned subsidiary of the Fédération. The Fund may engage in securities lending and repurchase transactions, and Desjardins Trust may act as the Fund's securities lending and repurchase transactions agent ("Agent"). Any revenue earned on such transactions is split 60%—40% between the Fund and the Agent. Desjardins Securities Inc. ("DSI") is a broker responsible for security transactions on behalf of the Fund. DSI is a wholly-owned subsidiary of the Fédération.

Where applicable the amounts paid in commission by the Fund to DSI and amounts received from underlying funds managed by NEI LP during the period are presented.

	March 2024 (\$)
Amounts received from underlying funds	22,229

The Fund's sub-advisors may place a portion of the Fund's portfolio transactions with brokerage firms which are affiliates of NEI LP, provided that the affiliate's trade execution abilities and costs are comparable to those of non-affiliated qualified brokerage firms.

Effective April 1, 2024, Credential Asset Management Inc. and Credential Qtrade Securities Inc. merged into Aviso Financial Inc. As a result, the Fund is now distributed through Aviso Financial Inc., and members of the Fédération and other nonrelated parties by way of shared ownership. NEI LP pays to these parties distribution and servicing fees based on a percentage of the daily values of the units of each held by the dealer's clients and additionally, in some cases, on the amount of initial purchase.

NEI LP has established the IRC for the Fund in accordance with the requirements of National Instrument 81-107 – Independent Review Committee for Investment Funds in order to review conflicts of interest as they relate to investment fund management. The Fund did not rely on an approval, positive recommendation or standing instruction from the Fund's IRC with respect to any related party transactions.

This document contains forward-looking statements. Such statements are generally identifiable by the terminology used, such as "plan", "anticipate", "intend", "expect", "estimate", or other similar wording. These forward-looking statements are subject to known and unknown risks and uncertainties and other factors which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Such factors include, but are not limited to: general economic, market and business conditions; fluctuations in securities prices, fluctuation in interest rates and foreign currency exchange rates; and actions by governmental authorities. Future events and their effects on the Fund may not be those anticipated by us. Actual results may differ materially from the results anticipated in these forward-looking statements. We do not undertake, and specifically disclaim, any obligation to update or revise any forward-looking information, whether as a result of new information, future developments or otherwise.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the six-month period ended March 31, 2024 and the past five fiscal years or for the periods since inception, as applicable.

### Net Assets per Unit (\$) <sup>(1)</sup>

Series	Period	Net Assets, Beginning of Period	Increase (Decrease) from Operations					Distributions					Net Assets, End of Period	
			Total Revenue	Total Expenses	Realized Gains (Losses)	Unrealized Gains (Losses)	Total Increase (Decrease) from Operations <sup>(2)</sup>	From Income (Excluding Dividends)	From Dividends	From Underlying Funds	From Capital Gains	Return of Capital		Total Distributions <sup>(3)(4)</sup>
A	Mar. 2024	9.48	0.19	-0.10	0.02	0.71	0.82	0.00	0.01	0.07	0.00	0.00	0.08	10.26
	Sept. 2023	10.00	0.12	-0.04	-0.01	-0.79	-0.72	0.00	0.00	0.00	0.00	0.00	0.00	9.48
F	Mar. 2024	9.51	0.24	-0.04	0.02	0.26	0.48	0.00	0.01	0.07	0.00	0.00	0.08	10.35
	Sept. 2023	10.00	0.08	-0.01	-0.01	-0.55	-0.49	0.00	0.00	0.00	0.00	0.00	0.00	9.51
O	Mar. 2024	9.52	0.17	0.00	0.02	0.76	0.95	0.00	0.01	0.16	0.00	0.00	0.17	10.31
	Sept. 2023	10.00	0.08	0.00	-0.01	-0.55	-0.48	0.00	0.00	0.00	0.00	0.00	0.00	9.52

(1) All per unit figures presented in 2024 are referenced to net assets determined in accordance with IFRS and are derived from the Fund's semi-annual financial statements for the period ended March 31, 2024.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or reinvested in additional units of the Fund.

(4) Distributions (if any) that may have been made that included return of capital in excess of short term earnings were made to minimize disruption and provide stability to investors who have elected to take their distributions in the form of cash, and as disclosed in the simplified prospectus. These amounts are reviewed at each calendar year-end and management engages in discussions with the sub-advisor to determine the most applicable strategy on a go forward basis and will take any action(s) as needed for the long-term stability of the Fund.

## Ratios and Supplemental Data

Series	Period	Total Net Asset Value (000's of \$)	Number of Units Outstanding (000's)	Management Expense Ratio (%) <sup>(1)</sup>	Management Expense Ratio before Waivers and Absorptions (%)	Trading Expense Ratio (%) <sup>(2)</sup>	Portfolio Turnover Rate (%) <sup>(3)</sup>	Net Asset Value per Unit (\$)
A	Mar. 2024	1,256	122	1.97	1.97	0.04	9.07	10.26
	Sept. 2023	332	35	1.99	1.99	0.15	10.24	9.48
F	Mar. 2024	867	84	0.83	0.83	0.04	9.07	10.35
	Sept. 2023	1	-	0.84	0.84	0.15	10.24	9.51
O	Mar. 2024	1	-	0.08	0.08	0.04	9.07	10.31
	Sept. 2023	1	-	0.09	0.09	0.15	10.24	9.52

(1) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs, as well as withholding taxes) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. The Fund's management expense ratio includes a proportion of the management expense ratio from underlying ETFs held in the Fund's portfolio during the period.

(2) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The Fund's trading expense ratio includes a proportion of the trading expense ratio from underlying ETFs held in the Fund's portfolio during the period.

(3) The portfolio turnover rate indicates how actively the Fund's sub-advisor manages its investment holdings. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher the portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

## Management Fees

The Manager is responsible for the management, supervision and administration of the Fund. The Manager receives from the Fund management fees, before HST, calculated daily on the net asset value of the Fund at an annual rate shown below. The Fund does not pay management fees for Serie O units. Series O unitholders pay a negotiated fee directly to NEI Investments.

The management fee covers the cost of investment advisory fees, sales, marketing, and distribution expenses of the Fund. In addition, the Manager may pay a trailer fee to dealers out of this management fee. The trailer fee is a percentage of the average daily value of the units of the Fund held by the dealer’s clients. No trailer fees are paid in respect of any Series F units of the Fund.

In addition to the fees and expenses directly payable by the Fund, certain fees and expenses may be payable by some underlying funds. The Fund indirectly bears its proportionate share of such fees and expenses. However, the Fund does not pay any management fees, or similar expenses that, in the view of the Manager, to a reasonable person, would duplicate a fee payable by an investor in any underlying fund for the same service.

The following table shows the major services paid for out of management fees as a percentage of the management fee for all applicable series of the Fund:

	Management Fee (%)	Investment Advisory and Other Fees (%)	Trailer Fee (%)
Series A	1.55	59.16	40.84
Series F	0.55	100.00	N/A

## Past Performance

The performance information provided will not necessarily indicate how the Fund will perform in the future. The information shown assumes that distributions made by the Fund in the periods shown were reinvested in additional units of the relevant series of the Fund. In addition, the information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance.

### Year-by-Year Returns

The following charts show the annual performance for each series of units of the Fund for each period shown and illustrate how the Fund's performance has varied from period to period with the exception of 2024, which shows the six-month return for the period ended March 31, 2024. The charts indicate how much an investment made on the first day of each financial period would have grown or decreased by the last day of each financial period.

#### Series A

Historic performance reporting is not permitted until the series has at least 12 months of performance.

#### Series F

Historic performance reporting is not permitted until the series has at least 12 months of performance.

#### Series O

Historic performance reporting is not permitted until the series has at least 12 months of performance.

## Summary of Investment Portfolio as at March 31, 2024

Total Net Asset Value: \$2,123,830

Top Holdings		%	Net Asset Value Mix <sup>(1)</sup>		%
NEI Global Impact Bond Fund, Series I		33.8	Fixed Income		34.5
NEI Clean Infrastructure Fund, Series I		18.0	Equity		29.3
NEI Canadian Impact Bond Fund, Series I		14.8	Unit Trust		16.5
NEI Environmental Leaders Fund, Series I		12.2	Cash and Equivalents		10.2
Cash and Equivalents		4.6	Mortgage-Backed Securities		8.1
Invesco ESG NASDAQ 100 Index ETF		4.1	Asset-Backed Securities		1.3
iShares Global Aggregate Bond ESG UCITS ETF GBP Hedged (Accumulating)		4.1	Other		0.1
iShares USD Green Bond ETF		2.5	Total		100.0
HSBC World ESG Biodiversity Screened Equity UCITS ETF		1.8	<b>Sector Allocation <sup>(1)</sup></b>		
UBS (Lux) Fund Solutions—Sustainable Development Bank Bonds UCITS ETF		1.7	Utilities		17.3
IQ Engender Equality ETF		1.3	Corporate Bonds		17.2
Invesco S&P/TSX Canadian Dividend Aristocrats ESG Index ETF (CAD)		0.9	Index-Based Investments		16.5
L&G Healthcare Breakthrough UCITS ETF		0.2	Cash and Equivalents		10.2
Total		100.0	Mortgage-Backed Securities		8.1
			Foreign Government Bonds		4.9
			Provincial and Crown Corporations Bonds		4.2
			Industrials		4.2
			Information Technology		3.3
			Municipal Bonds		3.0
			Supranational Bonds		2.5
			Federal Bonds		2.4
			Materials		2.1
			Health Care		1.5
			Asset-Backed Securities		1.2
			Consumer Discretionary		0.4
			Financials		0.3
			U.S. Government Bonds		0.3
			Energy		0.3
			Other		0.1
			Total		100.0

Geographic Distribution <sup>(1)</sup>	%
United States	33.2
Other Countries	24.8
Canada	20.1
United Kingdom	11.7
Cash and Equivalents	10.2
Total	100.0

(1) Table represents an aggregated "look-through" of the top positions and category summaries that are held in the top and underlying fund(s).

"Unit Trust" includes REITs, ETFs, and other similarly structured investment vehicles.

"Other Countries" geographic category includes all countries individually representing less than 5% of the Fund's net asset value.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the investment fund. Updates are available quarterly. For the prospectus and other information about the underlying investment fund(s) held in the portfolio, visit [www.neiinvestments.com](http://www.neiinvestments.com) or [www.sedarplus.ca](http://www.sedarplus.ca).